

Securities Dealer Fidelity Bond

FINANCIAL INSTITUTIONS

Travelers offers securities dealers a special bond form, with competitive rates, which complies with the fidelity bond requirements of federal regulatory authorities. This Securities Dealer Fidelity Bond is issued through Theodore Liftman Insurance, Inc.

If this is not your area of responsibility, please forward this information to your insurance purchasing or compliance department.

Key features

- Competitive rates and deductible options for lower premiums
- Save \$\$ with an optional two-year bond – pay in two discounted annual installments
- Coverage includes Email Initiated Transfer Fraud and Social Engineering Fraud
- Non-aggregate bond – limits apply to each and every loss (except for certain coverages)
- Legal expense coverage provided in addition to the bond limit of liability (subject to a cap of 100% of the bond limit)
- Discovery basis bond with up to one year extended discovery period available
- Coverage for loss caused by partners (if a partnership)
- \$25,000 audit expense and \$5,000 fidelity claims expense coverage
- Coverage for unauthorized signatures of non-employees up to \$25,000 per loss and in the aggregate per year
- Credit/debit card forgery coverage
- Coverage for uncollectible items of deposit up to \$25,000 per loss and in the aggregate per year
- Computer systems fraud coverage including voice-initiated

Theodore Liftman Insurance, Inc.

FINANCIAL INSURANCE

Theodore Liftman Insurance, Inc.

Liftman Insurance Agency Co. (CA, NC, TX)

Liftman Insurance Agency (NY)

101 Federal Street, 22nd Floor, Boston, MA 02110-1827
617.439.9595 (p) 617.439.3099 (f)
Email: bond@liftman.com Website: www.liftman.com

transfer, telefacsimile, virus and hacker coverage

- Coverage for dishonesty of employees and Independent Registered Representatives
- Coverage for named in-house pension and benefit plans is included at no additional charge up to your bond limit (subject to a \$500,000 cap)

Why Travelers

- We've provided effective insurance solutions for more than 150 years and address the needs of a wide range of industries
- We consistently receive high marks from independent ratings agencies for our financial strength and claims-paying ability
- With offices in every U.S. state, we possess national strength and local presence
- Our dedicated underwriters, risk control specialists and claim professionals offer extensive industry and product knowledge

travelersbond.com

Travelers Casualty and Surety Company of America and its property casualty affiliates. One Tower Square, Hartford, CT 06183

This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.

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**Securities Dealer Fidelity Bond
Self-Rating Coverage Application**

St. Paul Fire and Marine Insurance Company

**Theodore Liftman Insurance, Inc.
Liftman Insurance Agency Co. (CA, NC and TX)
Liftman Insurance Agency (NY)
101 Federal Street
Boston, Massachusetts 02110-1827
Telephone: 617-439-9595
Fax: 617-439-3552
Email: bond@liftman.com
Website: www.liftman.com**

The term **Applicant** means all entities and employer sponsored pension and benefit plans proposed for this insurance.

GENERAL INFORMATION

- 1. Contact Name: _____
 Full Name of **Applicant**: _____
 Street Address: _____
 City, State, ZIP Code: _____
 Telephone Number: _____
 Fax Number: _____
 Email Address: _____
 Website Address: _____

2. Do you want to receive your bond electronically? Yes No

3. Additional Joint Insureds*: (for example, operating subsidiaries and employer sponsored pension and benefit plans)
Note: Clearing brokers cannot be considered additional joint insureds.

To enter more information, attach a separate page.

***IMPORTANT NOTE: Receipt of this information does not constitute an agreement that coverage will be provided to the listed entities.**

GENERAL INSTRUCTIONS

ALL INFORMATION PROVIDED HEREIN SHALL BE TREATED AS CONFIDENTIAL.

- 1. Review Section I. Eligibility Requirements for Self-Rating Plan. If **Applicant** meets the requirements, proceed with these instructions. *If **Applicant** does not qualify for Self-Rating, refer to Section II. for a quotation.*
- 2. Have an authorized representative of the **Applicant** complete, sign and date this application.
- 3. Send a check for your computed premium payable to **Liftman Insurance** with the signed application to the address above.

SECTION I. ELIGIBILITY REQUIREMENTS FOR SELF-RATING PLAN

- 1. Bond limit of \$1,000,000 or less. **(Higher limits are available, see Section II.)**
- 2. Up to 400 total employees, including Independent Registered Representatives. **(If over 400, call for special rates.)**
- 3. No claim(s) reported or knowledge of potential claim(s) that could have been made under any bond in the last 4 years. *(If claim(s) or knowledge of potential claim(s), see Section II.)*
- 4. Excess net capital has not dropped by 15% or more in any quarter in the last 4 quarters. *(If yes, see Section II.)*
- 5. Have not been placed on Alert or Early Warning status by any regulatory organization. *(If yes, see Section II.)*
- 6. **Applicant** is not a subsidiary of another broker/dealer or a financial services parent. *(If yes, see Section II.)*

SECTION II. PREMIUM QUOTATION FOR APPLICANTS THAT DO NOT QUALIFY FOR SELF-RATING

Forward items 1-5 to **Liftman Insurance**. A quotation will be sent to you upon satisfactory review of your information.

1. Signed application with Section III. and Section IV. A. completed. *(Note: Do not complete Section IV. B.)*
2. Latest year-end CPA audit and last 2 FOCUS reports.
3. CPA Management Letter and management's response (if applicable).
4. Details of Alert of Early Warning Status notification by any regulatory organization (if applicable).
5. Description of any fidelity bond claims in the last 4 years or any potential claims, including amount and remedial action taken (if applicable).

Requested bond amount \$ _____

SECTION III. UNDERWRITING INFORMATION - (Must be completed in its entirety except as noted below.)

If this is a renewal of a Travelers Securities Dealer Fidelity Bond and coverage is not being increased, only complete questions 1-6 of this section.

1. Has the **Applicant** or any of the **Applicant's** employees been censured or fined by any regulatory organization or been subject to any regulatory restrictions, sanctions, investigations or complaints involving fraud in the past 5 years? *(If yes, attach full details.)* Yes No
2. Does the **Applicant** have a fully certified annual CPA audit? Yes No
If yes, date of last audit: _____
If no, please explain type and frequency of audit:

Note: Securities dealers with less than one year in business and no prior business operations may skip question 3.

3. Has the **Applicant's** capital been within regulatory requirements during each of the past 3 years or if the **Applicant** has been in business for less than 3 years, for all the **Applicant's** years in business? Yes No
(If no, attach explanation.)
4. Has the **Applicant's** excess net capital dropped by 15% or more in any of the last 4 quarters? Yes No
(If yes, attach details.)
5. Is the **Applicant** a subsidiary of: Bank Broker/Dealer Investment Advisor/Manager Not Applicable
If so, please provide name: _____
6. Has the **Applicant** had a change of name, ownership or address since the last application? Yes No
(If yes, attach full details.)
7. Date coverage to be effective: _____
8. Has the **Applicant** had any crime losses in the past 4 years? *(If yes, attach full details.)* Yes No
9. Does the **Applicant** have knowledge or information of any fact, circumstance or situation which might give rise to a claim under the proposed bond? Yes No
(If yes, attach full details and report such information to your present carrier immediately.)

Note: Travelers bond renewals are not required to complete questions 10-11.

10. Year **Applicant** was established: _____
11. Present Insurance Carrier: _____
Present Bond Limit: \$ _____ Premium: \$ _____

Note: Missouri Applicants are not required to complete question 12.

12. Has any insurance company cancelled or refused to renew the **Applicant's** bond? Yes No
(If yes, attach full details.)

SECTION IV. SELF-RATING

A. General Rating Information

1. Total number of employees including Independent Registered Representatives: _____
2. Number of branch offices (excluding main office): _____
For branch office definition refer to http://finra.complinet.com/en/display/display.html?rbid=2403&record_id=1948&element
3. Highest required minimum net capital (over last 12 months): \$ _____
4. Minimum required bond amount (net capital from A.3. above x 120%) = \$ _____

Desired bond amount: \$ _____ **(Subject to minimum of \$100,000)**

Deductibles	Premium Chart
Bond limit from \$100,000 to \$250,000: \$5,000 Deductible Bond limit from \$250,001 to \$1,000,000: \$10,000 Deductible	Chart A <input type="checkbox"/>
Optional: 10% of the Bond Limit Deductible – Save \$\$	Chart B <input type="checkbox"/>

B. PREMIUM COMPUTATION – In order to compute the premium, follow these steps:

1. Use the Premium Chart selected above to find the appropriate figure and enter it here: \$ _____
If **Applicant** does **not** have branches, enter the above figure on line B.3. Annual Base Premium. If **Applicant** has branches, complete Section B.2. and enter the resulting figure on line B.3. Annual Base Premium.
2. **BRANCH CHARGE** (Complete only if **Applicant** has branches)

TOTAL NUMBER OF BRANCHES	premium from line B.1.	multiply by	ANNUAL BASE PREMIUM	
1-5	\$	x 1.25 =	\$	Enter this figure on line 3. (Total Annual Premium rounded to the nearest dollar)
6-50	\$	x 1.60 =	\$	
51-100	\$	x 1.95 =	\$	

3. TOTAL ANNUAL PREMIUM

Annual Base Premium: \$ _____
(rounded to nearest dollar)

State Surcharge: x _____
(1.00 unless surcharge is required)

TOTAL ANNUAL PREMIUM: = \$ _____ **Make check payable to Liftman Insurance.**
(rounded to nearest dollar)

TO SAVE \$\$ AND TIME, PURCHASE A 2 YEAR BOND BY COMPLETING THE SECTION BELOW

4. LOCK IN CURRENT LOW RATES FOR 2 YEARS WITH A DISCOUNTED PREMIUM PAYABLE IN 2 EQUAL ANNUAL INSTALLMENTS

TOTAL ANNUAL PREMIUM	multiply by	ANNUAL INSTALLMENT PREMIUM FOR 2 YEAR BOND PERIOD
\$ _____ <small>(from line B.3. above)</small>	x .95 =	\$ _____ <small>(rounded to nearest dollar)</small>

Make check for the first annual installment payable to **Liftman Insurance**. The second annual installment for the same amount will be billed prior to the bond anniversary.

BE SURE TO SIGN THIS APPLICATION.

COMPENSATION NOTICE

Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Enterprise Development, One Tower Square, Hartford, CT 06183.

FRAUD WARNINGS

Attention: **ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, MARYLAND, NEW MEXICO, AND RHODE ISLAND:** Any person who knowingly (or willfully in MD) presents a false or fraudulent claim for payment of a loss or benefit or who knowingly (or willfully in MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Attention: **COLORADO:** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Attention: **FLORIDA:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Attention: **KENTUCKY, NEW JERSEY, NEW YORK, OHIO, AND PENNSYLVANIA:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. (In New York, the civil penalty is not to exceed five thousand dollars (\$5,000) and the stated value of the claim for each such violation.)

Attention: **LOUISIANA, MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON:** It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

Attention: **OREGON:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

Attention: **PUERTO RICO**

Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances be present, the penalty thus established may be increased to a maximum of five (5) years; if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

SIGNATURE SECTION

THE UNDERSIGNED OFFICER, PARTNER OR PRINCIPAL OF THE APPLICANT (AUTHORIZED REPRESENTATIVE) DECLARES THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF, THE STATEMENTS SET FORTH IN THIS APPLICATION FOR INSURANCE AND MATERIAL SUBMITTED THEREWITH ARE TRUE AND COMPLETE. SUCH APPLICATION AND MATERIALS WILL BE RELIED ON BY THE UNDERWRITER AND BE THE BASIS OF THE INSURANCE. IN NORTH CAROLINA, THIS APPLICATION SHALL NOT CONSTITUTE PART OF THE BOND APPLIED FOR. IF ANY INFORMATION IN THIS APPLICATION CHANGES PRIOR TO THE INCEPTION DATE OF THE BOND, THE APPLICANT WILL NOTIFY THE UNDERWRITER OF SUCH CHANGES AND THE UNDERWRITER MAY MODIFY OR WITHDRAW ANY OUTSTANDING QUOTATION. THE UNDERWRITER IS AUTHORIZED TO MAKE INQUIRY IN CONNECTION WITH THIS APPLICATION. THE SIGNING OF THIS APPLICATION DOES NOT BIND THE UNDERWRITER TO OFFER, NOR THE APPLICANT TO PURCHASE, THE INSURANCE.

ELECTRONICALLY REPRODUCED SIGNATURES WILL BE TREATED AS ORIGINAL.

Signature: **Must be an Officer, Partner, or Principal**
(Authorized Representative)

Name (Printed)

Title

Date

Important: Coverage is not effective until the bond is approved and the premium is paid in full. Terms of this fidelity bond may vary from those in your current bond. Be sure to read the terms of your new bond carefully. All statements are subject to the terms and conditions of the bond.

PRODUCER INFORMATION (ONLY REQUIRED IN FLORIDA, IOWA, AND NEW HAMPSHIRE):

Producer Signature

Producer Name (Printed)

Agency Name

Agency Code

License Number



SECURITIES DEALER FIDELITY BOND PREMIUM CHART A

For **Applicants** with up to 400 total employees including Independent Registered Representatives.
(For **Applicants** with more than 400 employees including Independent Registered Representatives or higher limits, contact **Liftman Insurance**.)

Find the premium where the appropriate employee range and requested bond amount intersect.
Enter that figure in Section IV. B.1. of the Securities Dealer Fidelity Bond Self-Rating Coverage Application.

BOND AMOUNT	TOTAL NUMBER OF EMPLOYEES INCLUDING INDEPENDENT REGISTERED REPRESENTATIVES																					
	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	41-45	46-50	51-75	76-100	101-125	126-150	151-175	176-200	201-225	226-250	251-275	276-300	301-350	351-400
\$100,000	716	832	973	1107	1240	1374	1545	1675	1807	1938	2360	3099	3493	3823	4201	4555	4909	5263	5617	5947	6655	6797
\$120,000	798	928	1085	1235	1383	1533	1723	1869	2015	2161	2633	3457	3896	4265	4686	5081	5476	5870	6265	6634	7424	7582
\$150,000	906	1053	1232	1402	1570	1740	1956	2122	2288	2454	2989	3924	4423	4842	5320	5768	6216	6665	7113	7531	8428	8607
\$175,000	985	1145	1340	1524	1707	1891	2127	2306	2487	2667	3249	4266	4809	5263	5783	6271	6758	7245	7733	8187	9162	9357
\$200,000	1056	1228	1436	1634	1830	2028	2280	2473	2667	2860	3484	4574	5156	5644	6201	6724	7246	7769	8291	8779	9824	10033
\$250,000	1181	1372	1606	1827	2046	2267	2549	2764	2981	3197	3894	5113	5763	6308	6932	7516	8100	8684	9268	9813	10981	11215
\$300,000	1208	1405	1644	1870	2094	2321	2609	2830	3052	3272	3986	5234	5899	6457	7095	7693	8291	8889	9487	10045	11241	11480
\$350,000	1302	1513	1770	2014	2256	2500	2810	3048	3287	3525	4294	5638	6354	6956	7642	8287	8931	9575	10219	10820	12108	12365
\$400,000	1385	1610	1883	2142	2400	2659	2989	3242	3496	3749	4567	5997	6759	7398	8129	8814	9499	10184	10869	11509	12879	13153
\$450,000	1459	1696	1985	2258	2529	2802	3150	3417	3685	3951	4813	6320	7124	7797	8567	9289	10011	10733	11455	12129	13573	13862
\$500,000	1527	1775	2077	2363	2647	2932	3297	3576	3856	4135	5037	6614	7455	8160	8966	9722	10477	11233	11988	12694	14205	14507
\$550,000	1589	1848	2162	2459	2755	3052	3431	3722	4013	4304	5242	6883	7759	8493	9332	10118	10904	11691	12477	13211	14784	15098
\$600,000	1647	1914	2240	2548	2854	3162	3555	3856	4158	4459	5432	7132	8039	8800	9669	10484	11298	12113	12928	13688	15318	15644
\$650,000	1700	1976	2312	2630	2947	3265	3670	3981	4293	4604	5608	7363	8300	9085	9982	10823	11664	12505	13347	14132	15814	16150
\$700,000	1750	2034	2380	2707	3033	3360	3778	4097	4419	4738	5772	7579	8542	9350	10274	11140	12005	12871	13737	14545	16277	16623
\$750,000	1797	2088	2443	2780	3113	3450	3878	4207	4536	4865	5926	7780	8770	9599	10547	11436	12325	13214	14103	14932	16710	17066
\$800,000	1840	2139	2503	2847	3189	3534	3973	4309	4647	4983	6070	7970	8984	9833	10805	11715	12626	13536	14447	15296	17117	17482
\$900,000	1921	2233	2612	2972	3329	3688	4146	4497	4850	5201	6335	8318	9376	10263	11277	12227	13177	14128	15078	15965	17865	18246
\$1,000,000	1993	2317	2711	3084	3454	3827	4303	4667	5033	5397	6574	8632	9729	10650	11702	12688	13674	14660	15646	16566	18538	18933

For limits over \$1,000,000 indicate amount requested: \$ _____ and submit your completed application for a quotation.

Note: Higher deductibles are available. Deductibles higher than 10% of the bond limit can affect the calculation of net capital. Call Liftman Insurance at 617-439-9595 ext. 3 if you require additional information.



SECURITIES DEALER FIDELITY BOND PREMIUM CHART B – 10% OF BOND LIMIT DEDUCTIBLE OPTION

For **Applicants** with up to 400 total employees including Independent Registered Representatives.
(For **Applicants** with more than 400 employees including Independent Registered Representatives or higher limits, contact **Liftman Insurance**.)

Find the premium where the appropriate employee range and requested bond amount intersect.
Enter that figure in Section IV. B.1. of the Securities Dealer Fidelity Bond Self-Rating Coverage Application.

BOND AMOUNT	TOTAL NUMBER OF EMPLOYEES INCLUDING INDEPENDENT REGISTERED REPRESENTATIVES																					
	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	41-45	46-50	51-75	76-100	101-125	126-150	151-175	176-200	201-225	226-250	251-275	276-300	301-350	351-400
\$100,000	637	740	866	985	1104	1223	1375	1491	1608	1725	2101	2758	3109	3403	3739	4054	4369	4684	5000	5294	5924	6050
\$120,000	692	805	942	1071	1200	1329	1494	1621	1748	1875	2283	2998	3379	3699	4064	4407	4749	5092	5434	5754	6439	6576
\$150,000	763	886	1037	1180	1322	1464	1646	1786	1926	2065	2515	3303	3723	4075	4477	4854	5232	5609	5986	6338	7093	7244
\$175,000	812	944	1105	1257	1408	1560	1754	1902	2051	2200	2680	3519	3966	4341	4770	5172	5574	5976	6378	6753	7557	7718
\$200,000	856	995	1165	1325	1484	1644	1849	2005	2162	2319	2824	3708	4180	4575	5027	5451	5875	6298	6722	7117	7965	8134
\$250,000	930	1082	1265	1440	1612	1787	2009	2179	2349	2519	3069	4030	4542	4972	5463	5923	6383	6844	7304	7734	8654	8838
\$300,000	991	1152	1348	1534	1718	1903	2140	2321	2503	2684	3269	4293	4839	5296	5820	6310	6800	7291	7781	8239	9220	9416
\$350,000	1042	1212	1418	1613	1807	2002	2250	2441	2632	2823	3438	4514	5088	5570	6120	6636	7151	7667	8183	8664	9696	9902
\$400,000	1086	1263	1477	1681	1883	2086	2345	2543	2743	2941	3583	4704	5302	5804	6377	6915	7452	7990	8527	9029	10103	10318
\$450,000	1124	1307	1529	1740	1949	2159	2427	2633	2839	3045	3709	4869	5489	6008	6601	7157	7714	8270	8826	9345	10458	10680
\$500,000	1158	1346	1575	1791	2007	2223	2500	2711	2924	3135	3819	5015	5652	6187	6798	7371	7944	8517	9089	9624	10770	10999
\$550,000	1188	1381	1615	1837	2058	2280	2564	2781	2999	3216	3917	5143	5797	6346	6973	7560	8148	8735	9323	9871	11046	11282
\$600,000	1214	1411	1651	1879	2104	2332	2621	2843	3066	3288	4005	5259	5927	6488	7129	7730	8330	8931	9532	10092	11294	11534
\$650,000	1238	1439	1684	1916	2146	2378	2673	2899	3126	3353	4084	5362	6044	6616	7269	7882	8495	9107	9720	10292	11517	11762
\$700,000	1260	1464	1713	1949	2183	2419	2720	2950	3181	3411	4155	5456	6150	6732	7397	8020	8643	9267	9890	10472	11718	11968
\$750,000	1280	1487	1740	1980	2218	2457	2762	2996	3231	3465	4220	5542	6246	6837	7512	8146	8779	9412	10045	10636	11902	12155
\$800,000	1298	1508	1765	2008	2249	2492	2801	3038	3276	3514	4280	5620	6334	6933	7618	8260	8902	9544	10186	10785	12069	12326
\$900,000	1329	1545	1808	2057	2304	2552	2870	3112	3356	3599	4384	5757	6489	7103	7804	8462	9119	9777	10435	11049	12364	12627
\$1,000,000	1356	1576	1844	2098	2350	2604	2928	3176	3425	3672	4473	5873	6620	7247	7962	8633	9304	9975	10646	11272	12614	12883

For limits over **\$1,000,000** indicate amount requested: \$ _____ and submit your completed application for a quotation.

Note: Higher deductibles are available. Deductibles higher than 10% of the bond limit can affect the calculation of net capital. Call Liftman Insurance at 617-439-9595 ext. 3 if you require additional information.